



ITS TELECOMMUNICATIONS SYSTEMS, INC.

15925 SW Warfield Blvd. • P.O. Box 397 • Indiantown, Florida 34956

772-597-2111 • www.itstelecom.net

June 30, 2016

REDACTED

Marlene H. Dortch, Secretary
Office of the Secretary
Federal Communications Commission
9300 East Hampton Drive
Capitol Heights, MD 20743

Re: WC Docket No. 14-58
ITS Telecommunications Systems, Inc. 2017 Federal ETC Filing (FCC Form 481)

Dear Ms. Dortch:

ITS Telecommunications Systems, Inc. respectfully files confidential and redacted versions of the FCC Form 481 ETC annual reporting information in compliance with the ETC Annual Reports and Certifications in WC Docket 14-58 and pursuant to 47 C.F.R. §54.313 and §54.422 of the Commission's rules.

Pursuant to 47 C.F.R. §0.457 and §0.459 of the FCC Rules, ITS Telecommunications Systems, Inc. is requesting that all financial pages be considered proprietary confidential business information.

Enclosed please find one original marked Confidential and one copy marked Confidential and one copy marked Redacted of the FCC Form 481. The redacted version is also being filed this date via the FCC's Electronic Comment Filing System.

Please contact Donna Marreel at donnam@itstelecom.net if there are any questions.

Sincerely,

Bruce Russell
Chief Financial Officer

Enclosures

Serving our community for over 50 years.

Local & Long Distance Phone Services

High Speed Internet

DirecTV

Computer Service & Re



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Pursuant to 47 C.F.R. §0.457 and §0.459 of the FCC Rules, ITS Telecommunications Systems, Inc. is requesting that the 5 Year Progress report and attachments be considered proprietary confidential business information due to the competition in our service area.

Enclosed please find one original marked Confidential and one copy marked Confidential and one copy marked Redacted of the FCC Form 481. The redacted version is also being filed this date via the FCC's Electronic Comment Filing System.

Please contact Donna Marreel at donnam@itstelecom.net if there are any questions.

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Computer Service & Re

**FCC Form 481 - Carrier Annual Reporting
Data Collection Form**FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	210331
<015>	Study Area Name	ITS TELECOMM. SYS.
<020>	Program Year	2017
<030>	Contact Name: Person USAC should contact with questions about this data	Donna Marreel
<035>	Contact Telephone Number: Number of the person identified in data line <030>	7725973161 ext.
<039>	Contact Email Address: Email of the person identified in data line <030>	donnam@itstelecom.net
	Form Type	54.313 and 54.422

**(100) Service Quality Improvement Reporting
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	210331
<015>	Study Area Name	ITS TELECOMM. SYS.
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Donna Harreel
<035>	Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	donna@itstelecom.net

<110>	Has your company received its ETC certification from the FCC?	(yes / no)	<input checked="" type="radio"/> <input type="radio"/>
<111>	If your answer to Line <110> is yes, do you have an existing § 54.202(a) "5 year plan" filed with the FCC?	(yes / no)	<input checked="" type="radio"/> <input type="radio"/>

If your answer to Line <111> is yes, please file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

210331-fl-112a-2017.pdf

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

Name of Attached Document

Please select the appropriate responses below (Yes, No, Not Applicable) to confirm that the attached document(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

<113>	Maps detailing progress towards meeting plan targets	Yes
<114>	Report how much universal service (USF) support was received	Yes
<115>	How much (USF) was used to improve service quality and how support was used to improve service quality	Yes
<116>	How much (USF) was used to improve service coverage and how support was used to improve service coverage	Yes
<117>	How much (USF) was used to improve service capacity and how support was used to improve service capacity	Yes
<118>	Provide an explanation of network improvement targets not met in the prior calendar year.	No

Yes
Yes
Yes
Yes
Yes
No

<010>	Study Area Code	210331
<015>	Study Area Name	ITS TELECOMM. SYS.
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Donna Marreel
<035>	Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	donna.m@itstelecom.net

No

(300) Unfulfilled Service Request Data Collection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	210331
<015> Study Area Name	ITS TELECOMM. SYS.
<020> Program Year	2017
<030> Contact Name - Person USAC should contact regarding this data	Donna Marzeel
<035> Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	donnam@tstatelecom.net
<300> Unfulfilled service request (voice)	0

<310> Detail on attempts (voice) _____
Name of Attached Document

<320> Unfulfilled service request (broadband) _____
0

<330> Detail on attempts (broadband) _____
Name of Attached Document

(400) Number of Complaints per 1,000 customers
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	210331
<015>	Study Area Name	ITS TELECOMM. SYS.
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	DONDA MATTHEW
<035>	Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	dondam@its telecom.net
<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed voice
<410>	Complaints per 1000 customers for fixed voice	0.45
<420>	Complaints per 1000 customers for mobile voice	
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed broadband
<440>	Complaints per 1000 customers for fixed broadband	0.0
<450>	Complaints per 1000 customers for mobile broadband	

(500) Compliance With Service Quality Standards and Consumer Protection Rules
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	210331
<015>	Study Area Name	ITS TELACOM. SYS.
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	JONDA KATZEE
<035>	Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	donjand@itstelecom.net
<500>	Certify compliance with applicable service quality standards and consumer protection rules	Yes
<510>	Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance	210331-f1-510.pdf

(600) Functionality in Emergency Situations
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	210331
<015>	Study Area Name	ITS TELECOM. SYS.
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Donna Harrel
<035>	Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	donnam@statelecom.net
<600>	Certify compliance regarding ability to function in emergency situations	Yes
<610>	Descriptive document for Functionality in Emergency Situations	210331- FL - Line 610 - 2017.pdf

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	210331
<015>	Study Area Name	ITS TELECOMM. SYS.
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Donna Marreel
<035>	Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	donnam@itstelecom.net
<701>	Residential Local Service Charge Effective Date	1/1/2016
<702>	Single State-wide Residential Local Service Charge	16.0

[illegible]

(710) Broadband Price Offerings Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	210331
<015>	Study Area Name	ITS TELECOMM. SYS.
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Donna Marreel
<035>	Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	donna@itstelecom.net

[illegible]

**(900) Tribal Lands Reporting
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010> Study Area Code	210331
<015> Study Area Name	ITS TELECOMM. SYS.
<020> Program Year	2017
<030> Contact Name - Person USAC should contact regarding this data	Donna Marreel
<035> Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	donnam@itatelecom.net

<900> Does the filing entity offer tribal land services? (Y/N) No

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached document(s), on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select Yes or No or Not Applicable

**(1000) Voice and Broadband Service Rate Comparability
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	210331
<015>	Study Area Name	ITS TELECOMM. SYS.
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Donna Marreel
<035>	Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	donna@itstelecom.net

<1000> Voice services rate comparability certification Yes

<1010> Attach detailed description for voice services rate comparability compliance 210331-fl-1010-2017-Benchmark.pdf

Name of Attached Document

<1020> Broadband comparability certification Yes - Pricing is no more than the most recent applicable benchmark announced by the Wireline Competition Bureau

<1030> Attach detailed description for broadband comparability compliance 210331-fl-1030 Broadband.pdf

Name of Attached Document

**(1100) No Terrestrial Backhaul Reporting
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	210331
<015>	Study Area Name	ITS TELECOMM. SYS.
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Donna Marreel
<035>	Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	donna@itstelecom.net

<1100> Certify whether terrestrial backhaul options exist (Y/N)

<1130> Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).

(1200) Terms and Condition for Lifeline Customers
Lifeline
Data Collection Form

FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010>	Study Area Code	210331
<015>	Study Area Name	ITS TELECOMM. SYS.
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Donna Marreel
<035>	Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	donna@itatelecom.net

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

Name of Attached Document

<1220> Link to Public Website

HTTP www.itatelecom.net/telephone.shtml

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- <1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, ☒
- <1222> Details on the number of minutes provided as part of the plan, ☒
- <1223> Additional charges for toll calls, and rates for each such plan. ☒

(2000) Price Cap Carrier Additional Documentation**Data Collection Form***Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers*

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010> Study Area Code	210331
<015> Study Area Name	ITS TELECOMM. SYS.
<020> Program Year	2017
<030> Contact Name - Person USAC should contact regarding this data	Donna Marreel
<035> Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	donna@itstelecom.net

Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

- <2010> 2nd Year Certification 47 CFR § 54.313(b)(1)(i) - Note that for the July 1 2016 certification, this applies to Round 2 recipients of Incremental Support
- <2011> 3rd Year Certification 47 CFR § 54.313(b)(1)(ii) - Note that for the July 1 2016 certification, this applies to Round 1 recipients of Incremental Support
- <2022> Recipient certifies, representing year two after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.
- <2023> The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year two - 54.313(b)(2)(ii). Round 2 recipients only.
- <2024A> Round 2 Recipient of Incremental Support?
- <2024B> Attach list of census blocks indicating where funding was spent in year two - 54.313(b)(2)(ii). Round 2 recipients only.
- <2025A> Round 1 or Round 2 Recipient of Incremental Support?
- <2025B> Attach geocoded Information for Phase I milestone reports (Round 1 for year three and Round 2 for year two) - Connect America Fund , WC Docket 10-90, Report and Order, FCC 13-
- <2015> 2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)

Name of Attached Document Listing
Required Information

Name of Attached Document Listing
Required Information

(3005) Rate Of Return Carrier Additional Documentation
Data Collection FormFCC Form 481
OMB Control No. 3060-0886/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	210331
<015>	Study Area Name	ITS TELECOMM. SYS.
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Donna Marreel
<035>	Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	donna@itstelecom.net

Complete the items below to note compliance with five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3009) Progress Report on 5 Year Plan
Carrier certifies to 54.313(f)(1)(iii)

Yes - Attach Certification

(3010A) Milestone Certification {47 CFR § 54.313(f)(1)(i)}

(3010B) Please Provide Attachment

Name of Attached Document Listing Required
Information

210331-F1-3010-2017.pdf

(3012A) Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}

No - No New Community Anchors

(3012B) Please Provide Attachment

Name of Attached Document Listing Required
Information

(3013) Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)}

☒ ☐

(3014) If yes, does your company file the RUS annual report (Yes/No)

☒ ☐

Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:

(3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)

☒

(3016) Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows

☒

(3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation

Name of Attached Document Listing Required
Information

RUS 12-2015 year end report.pdf

(3018) If the response is no on line 3014, is your company audited?

(Yes/No)

☐ ☐

If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:

(3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers

☐

(3020) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

☐

(3021) Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit.

☐

If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:

(3022) Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers

☐

(3023) Underlying information subjected to a review by an independent certified public accountant

☐

(3024) Underlying information subjected to an officer certification.

☐

(3025) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

☐

(3026) Attach the worksheet listing required information

Name of Attached Document Listing Required
Information

(3005) Rate Of Return Carrier Additional Documentation (Continued)

Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010> Study Area Code	210331
<015> Study Area Name	ITS TELECOM, SYS.
<020> Program Year	2017
<030> Contact Name - Person USAC should contact regarding this data	Donna Harzeel
<035> Contact Telephone Number - Number of person identified in data line <030>	77239731 61 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	donna@its telecom.net

Financial Data Summary

(3027) Revenue	
(3028) Operating Expenses	
(3029) Net Income	
(3030) Telephone Plant In Service(TPIS)	
(3031) Total Assets	
(3032) Total Debt	
(3033) Total Equity	
(3034) Dividends	

REDACTED

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	210331
<015> Study Area Name	ITS TELECOMM. SYS.
<020> Program Year	2017
<030> Contact Name - Person USAC should contact regarding this data	Donna Marreel
<035> Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	donna@its telecom.net

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier: ITS TELECOMM. SYS.	
Signature of Authorized Officer: CERTIFIED ONLINE	Date 06/30/2016
Printed name of Authorized Officer: Bruce Russell	
Title or position of Authorized Officer: CFO	
Telephone number of Authorized Officer: 7725972106 ext.	
Study Area Code of Reporting Carrier: 210331	Filing Due Date for this form: 07/01/2016
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

**(700) Price Offerings including Voice Rate Data
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010> Study Area Code	210331
------------------------------------	---------------

<015>	Study Area Name	ITS TELECOMM. SYS.
-------	-----------------	--------------------

<020>	Program Year	2017
-------	--------------	------

<030>	Contact Name - Person USAC should contact regarding this data	Donna Marreel
-------	---	---------------

<035>	Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext .
--------------------	--	-------------------------

<039>	Contact Email Address - Email Address of person identified in data line <030>	donna@itstelecom.net
-------	---	----------------------

1/1/2016

16.0

<703>

[illegible]

REDACTED

**(710) Broadband Price Offerings
Data Collection Form**

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	210331
<015>	Study Area Name	ITS TELECOMM. SYS.
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Donna Marreel
<035>	Contact Telephone Number - Number of person identified in data line <030>	7725973161 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	donna@itstelecom.net

[illegible]

Five-Year Service Quality Improvement Plan's Annual Progress Report

One of ITS Telecommunications Systems, Inc.'s ("ITS Telecom's") goals is to raise the level of services for both telephony and Internet for our outlying customers. Our plans are to place fiber optic lines and associated electronics which will allow internet service levels as high as 1 Gb down and 1 Gb up as well as reduce trouble reports for telephony. We have planned several projects to help accomplish this goal. The primary objective of this report is to provide an updated status of the first project, which has an expected completion date of December 2016.

The first project, labeled Indiantown Proper, Minute Maid Road, and Dunklin Camp, has been divided into three phases; Phase 1 – Dunklin Camp, Phase 2 – Minute Maid Road, Phase 3 – Indiantown Proper. Phase 1, Dunklin Camp, has been completed since January, 2015. Customers are already taking higher levels of symmetrical Internet services with choices of speeds up to 1Gb up and down. Customers are also experiencing a better quality of voice services. Phase 2, Minute Maid Road, has begun. Serving central office electronics and serving fiber optic trunk lines are in place. The installation of fiber optic drops to the premise is targeted for completion by July 2016. Increased service capacity, up to 1 Gigabit up and down, is already experienced by customers where construction is completed. Completion of Phase 2 is expected by July 2019. Phase 3, Indiantown Proper, has also begun. Serving central office electronics and serving fiber optic trunk lines are in place. Ninety-six percent (96%) of the fiber optic drops to the premise are completed. Migration of remaining customers off legacy serving transport medium and electronics is scheduled for completion by December 2016. Increased service capacity to 1 Gigabit symmetrically is already available to subscribers in defined areas.

The Company has received [REDACTED] in Universal Service Fund ("USF") support from January, 2015 through December, 2015. Of the [REDACTED], ITS Telecom has spent [REDACTED] in capital expense and the remaining [REDACTED] in operating expense. With this support, ITS has been installing fiber optic lines and the associated electronics to increase the internet levels of speed as well as the fiber helping with the reduction of telephone service troubles. Our goal as previously stated is not only to give all of our subscribers a minimum of 10Mb down/1Mb up in speed but that the majority of our subscribers will have the option of receiving 1Gb down/1Gb up.

Attached are two tables in Appendix B with the first table specifying the projected Capital Expenditures in Appendix A, by Part 32 account, along with the respective year in which the operating expenses are expected to occur. The second table of Appendix B has the projected operating expenses

Page 2

that includes the depreciation expense for both embedded plant investment and for Capital Expenditures, which begins when the expenditures are projected to be placed into service.

In summary, ITS Telecom is striving to complete the first of four projects in a timely manner that will allow us to provide a higher level of broadband and voice services to our subscribers.

ITS Telecommunications Systems, Inc. - 210331

APPENDIX A

IMPROVEMENT PROJECTS FOR YEAR 2016 THROUGH 2020

PROJECT/PHASE/LOCATION	SERVING AREA	POPULATION	START DATE	ESTIMATED COMPLETION DATE	ACTUAL COMPLETION DATE	MAXIMUM BROADBAND SPEED AVAILABLE	CAPITAL COSTS
1 - Indiantown Proper, Minute Maid Rd, & Dunklin Camp	12 Square Miles for all 3 Phases	215 Residents for all 3 Phases	June, 2014	May, 2016	-	-	\$323,691.00 Total for all 3 Phases
Phase 1 - Dunklin Camp	*	*	June, 2014	May, 2016	January, 2015	1GB/1GB	
Phase 2 - Minute Maid Rd	*	*	January, 2015	July, 2016		Projected 1Gb/1Gb	
Phase 3 - Indiantown Proper	*	*	June, 2014	December, 2016		Projected 1Gb/1Gb	
2 - Clementsville, Springhaven & J&S	15 Square Miles	200	July, 2015	July, 2019	-	Projected 1Gb/1Gb	
3 - Fox Brown	13 Square Miles	50	June, 2019	May, 2024	-	Projected 1Gb/1Gb	
4 - Indiantown Airport & Indiantown Marina	2 Square Miles	70	July, 2019	December, 2024	-	-	

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APPENDIX B

TABLE 1 - PART 32

IMPROVEMENT PROJECTS FOR YEAR 2015 THROUGH 2019

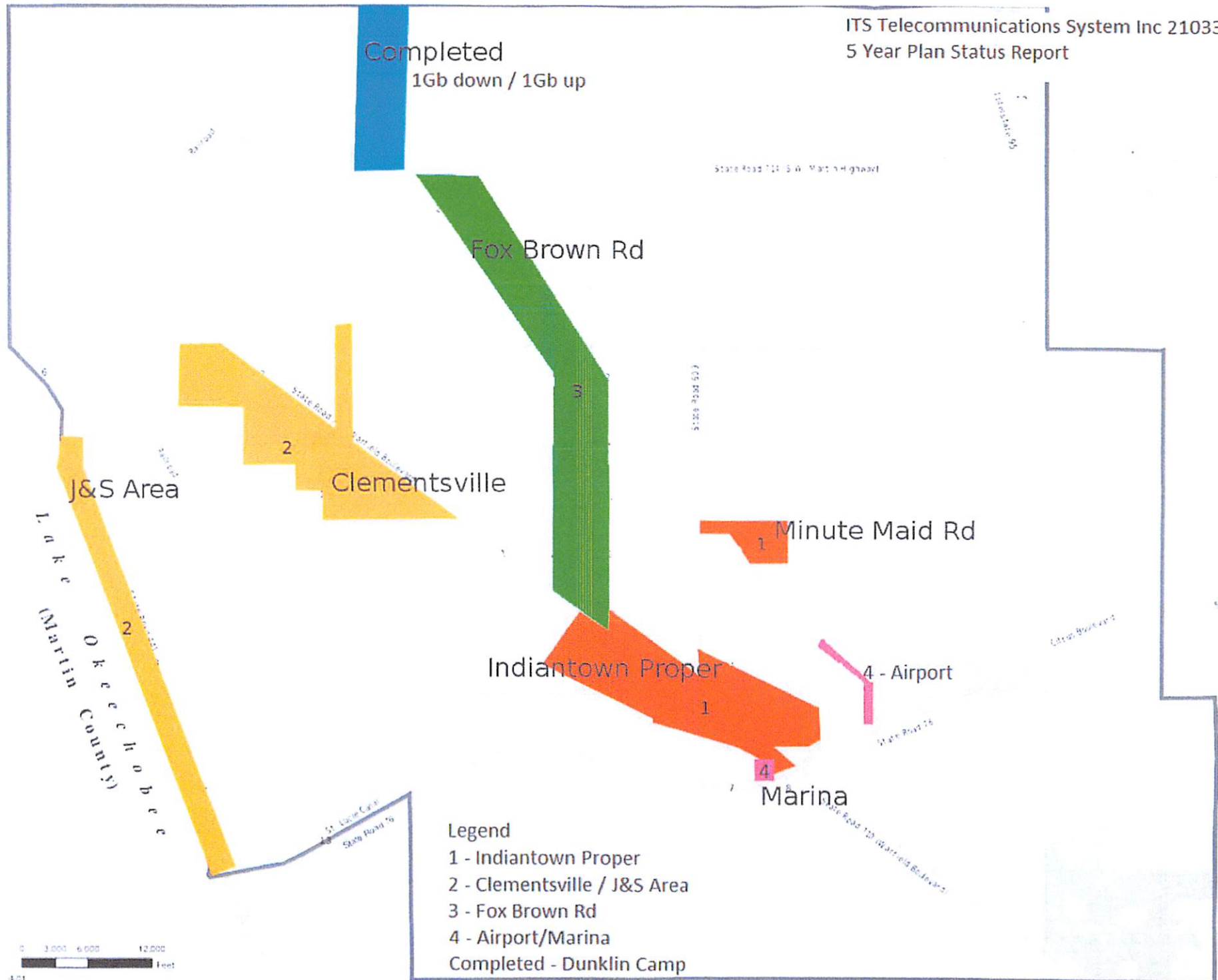
PROJECT/LOCATION	2014	2015	2016	2017	2018	2019	TOTAL CAPITAL COSTS
1 - Indiantown Proper, Minute Maid Road & Dunklin Camp							
Phase 1 - Dunklin Camp							
Account 2232							
Account 2423							
Phase 2 - Minute Maid Rd							
Account 2232							
Account 2423							
Phase 3 - Indiantown Proper							
Account 2232							
Account 2423							
2 - Clementsville, Springhaven & J&S							
Account 2232							
Account 2423							
3 - Fox Brown							
Account 2232							
Account 2423							
4 - Indiantown Airport & Indiantown Marina							
Account 2232							
Account 2423							
Total Capital Expenditures							

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APPENDIX B

TABLE 2 - DEPRECIATION EXPENSE
OPERATIONS EXPENSES FOR YEAR 2015 THROUGH 2019

PROJECT/LOCATION	2015	2016	2017	2018	2019
Plant Specific Operations					
Plant Non-Specific Operations					
Depreciation and Amortization					
Customer Operations					
Corporate Operations					
Property Taxes					
Total Capital Expenditures					



Service Quality Standards and Consumer Protection Rules Compliance

ITS Telecommunications Systems, Inc., DBA, ITS Telecom certifies that our company complies with the applicable state and FCC Service Quality Standards and the Consumer Protection Rules.

With regards to the FCC 47 C.F.R. §64.2001-64.2011 rules for CPNI (Customer Proprietary Network Information), ITS Telecom has a policy manual that details and enforces the requirements of the federal rules. Our managers review the policies of CPNI on a yearly basis with their employees or as needed when a new hire is involved with our customer information. The company certifies its compliance annually with the FCC.

ITS Telecom trains their employees on the Red Flag regulations to help identify theft and through our NOC, the company has procedures to mitigate the potential damage of identity theft. Our NOC has established numerous measures in which to insure the integrity of our network and customer data.

ITS Telecom discloses their rates to our customers on our website, provides protection to our customers with Anti-Slamming Procedures as adopted with the Florida Administrative Code and the Florida Statutes, and follows all other applicable federal and state requirements governing the protection of our customers' privacy.

Functionality in Emergency Situations

ITS Telecommunications Systems, Inc., DBA, ITS Telecom, certifies that our company is compliant in emergency situations as set forth in the Code of Federal Regulations. We have a Disaster and Hurricane Preparedness Plan in place and update it periodically as needed. ITS Telecom has employees that attend yearly emergency scenario training sessions with both the Florida State Emergency Operations Department and the County Emergency Operations Department. There are ongoing communications with these Emergency Operations Departments when potential emergencies are identified. We have an IT Steering Committee that meets several times a year to review our Emergency Preparedness Policies.

ITS Telecom's central office is designed to withstand power failures through the use of batteries and backup generators. We also have backup generators for our remotes which will keep running until commercial power is restored as long as fuel is available. The NOC and OSP perform scheduled routine maintenance of our batteries and generators. Our NOC monitors our network 24/7/365 which ensures timely responses when a problem arises. Our serving area has network redundancy that provides an alternate route when needed.

Voice Services Rate Comparability Certification

ITS Telecommunications Systems, Inc. hereby certifies that the price of our fixed voice service of \$16.00 is below the two standard deviations of the national average urban rate of \$41.07 as required in 47 C.F.R. § 54.313(a)(10).

Broadband Comparability Certification

ITS Telecommunications Systems, Inc. hereby certifies that the rates of our fixed broadband for the download speeds of 10 Mbps and 25 Mbps with the upload speeds of 1 Mbps and 5 Mbps do not exceed the benchmark rates as required in 47 C.F.R. § 54.313(g).

Milestone Certification

ITS Telecommunications Systems, Inc. hereby certifies that throughout 2015 we have been able to provide speeds of at least 4Mbps down/1Mbps up for every reasonable request for broadband service. We are making progress with our 5 year plan and ITS Telecommunications Systems, Inc. currently provides broadband speeds of 10Mbps down/1Mbps up for all reasonable requests within our serving area.

REDACTED – FOR PUBLIC INSPECTION
ITS TELECOMMUNICATIONS SYSTEMS, INC.

ATTACHMENT LINE 3016

FINANCIAL REPORTS
PURSUANT TO 47 C.F.R § 54.313

ATTACHMENT REDACTED IN ENTIRETY